



**MacDonald Mines Exploration Ltd.**

**Management's Discussion and Analysis**

For the Three and Nine Months Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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*This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of MacDonald Mines Exploration Ltd. ("MacDonald Mines", "MacDonald" or the "Company") has been prepared based on information available to MacDonald Mines at November 22, 2021, the date of this MD&A, and should be read in conjunction with MacDonald Mines' condensed interim unaudited financial statements and related notes for the three and nine months ended September 30, 2021 and 2020. The condensed interim unaudited financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements under International Accounting Standard 34, Interim Financial Reporting.*

*Readers are cautioned that this MD&A may contain forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A and to consult MacDonald Mines' condensed interim unaudited financial statements and related notes for the three and nine months ended September 30, 2021 and 2020, which are available on our website at [www.macdonaldmines.com](http://www.macdonaldmines.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

## **Company Overview**

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MacDonald Mines is a publicly listed corporation trading on the TSX Venture Exchange ("TSXV") under the symbol BMK. It is involved primarily in the identification, acquisition, and advancement of mineral properties, focusing on gold exploration in Northern Ontario, Canada. The Company does not operate any mines.

MacDonald Mines' continued operations are dependent upon the Company's ability to obtain financing for the continued exploration of its mineral properties. The Company has not yet determined whether any of its mineral properties contain mineralization that is economically recoverable.

On February 28, 2021, Mia Boiridy became President and CEO of MacDonald Mines following Quentin Yarie's resignation. Mr. Yarie continues to serve as a director and has assumed the role of non-executive Chairman of the Board. He also continues to provide his technical expertise to the Company. Ms. Boiridy left the Company on September 9, 2021 at which time Stuart Adair, a member of the Board of Directors and Chair of its Audit Committee, was appointed Interim CEO.

As of November 22, 2021, the Company had 4 employees and several independent contractors who provide certain professional, administrative and geological services to the Company. The independent contractors include corporations and individuals who may be officers or directors of MacDonald Mines.

## **Recent Corporate Developments**

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On February 11, 2021, the Company announced results from 11 holes of its fall 2020 drilling program at the Scadding Deposit and the launch of drilling in the Jovan Area, approximately 9 km east of Scadding. Results continued to expand the gold zone discovered between the historical Scadding underground mine workings and the South Pit and added to the near-surface, high-grade gold discovery made in 2020.

On February 22, 2021, the Company announced the appointment of Mia Boiridy as President and CEO of the Company effective February 28, 2021.

On March 22, 2021, the Company announced results from the last 7 holes from its 2020 drilling program, the acquisition of 4 strategic claims (36 ha) within the borders of the Company's Jovan property and outlined its expanded 3-area 2021 exploration program to cover a large footprint, spanning several kilometres at the SPJ Project.

On March 24, 2021, the Company provided clarifications regarding the claim acquisition on the Jovan property. On May 13, 2021, the Company announced results from its Winter 2021 drilling at the Jovan and Glade areas of the SPJ Project with the discovery of a high-grade gold zone in the Glade area, 800 metres south of the historical Scadding Mine.

On June 8, 2021, MacDonald Mines announced results from the first channel samples collected at Glade following the Company's earlier gold discovery and confirmed that gold is present at surface, 225 metres east of the discovery holes.

On June 15, 2021, the Company held its Annual and Special Meeting of Shareholders in a virtual format. At the Meeting, all resolutions were passed with the required majorities and shareholders elected Stuart Adair, Mia Boiridy, Amanda Fullerton, Kevin Tanas and Quentin Yarie to be duly elected as directors of the Company until the close of the next annual meeting of shareholders.

On July 6, 2021, the Company announced results from 3 channel samples collected at the Glade West Showing as part of its ongoing surface exploration program at Glade.

On September 9, 2021, the Company announced that Stuart Adair, a member of its Board of Directors and Chair of its Audit Committee, was appointed Interim CEO upon Mia Boiridy leaving the Company. The Company also reported results from its Summer 2021 mechanized stripping, channel sampling and regional prospecting program at its 100% owned SPJ Project, 30 km east of Sudbury, Ontario.

On November 10, 2021, the Company announced that it had closed the first tranche of its previously announced non-brokered private placement offering for proceeds of \$1,418,650.87 consisting of: (i) 18,947,797 "flow-through" units (the "FT Units") at a price of \$0.045 each; and (ii) 14,150,000 units (the "Units") at a price of \$0.04 each.

On November 16, 2021, the Company announced that it had closed the second tranche of its previously announced non-brokered private placement offering for proceeds in the second tranche of \$393,500 consisting of: (i) 700,000 "flow-through" units (the "FT Units") at a price of \$0.045 each; and (ii) 9,050,000 units (the "Units") at a price of \$0.04 each.

Each FT Unit sold in the Offering is comprised of one common share that qualifies as a "flow-through share" within the meaning of the *Income Tax Act* (Canada) and one-half of one share purchase warrant (each whole warrant, a "Warrant"). Each whole Warrant is exercisable to acquire one Common Share ("Warrant Share") at a price of \$0.07 per Warrant Share for a period of 24 months from the closing. Each Unit is comprised of one non-flow through share and one half of one Warrant. The Company may close further tranches of the Offering, although there can be no assurances that any further closings will occur. All securities issued in the Offering are subject to a statutory four month hold period as well as a TSX Venture Exchange ("TSXV") hold period.

## **Exploration**

MacDonald Mines continues to advance exploration at its 100%-owned SPJ project, located 40 km east of Sudbury, Ontario. The Company's 2019-2020 drilling program focused on the historical Scadding Gold Mine that produced 29,000 oz of gold from 127,000 tonnes of mineralized material grading 7.2 g/t in the late 1980s. The Company successfully showed that high-grade gold mineralization continues beyond and between the historic Scadding pits in stacked and potential nose-fold mineralized corridors.

In addition to the high-grade gold mineralization present at the Scadding Mine, MacDonald Mines has identified multiple centers of polymetallic (Au, Cu, Co, Ni and Ag) mineralization on the large 19,569 ha property. MacDonald Mines completed five induced polarization ("IP") surveys in 2020, covering 4.75 sq. km. The surveys identified 49 anomalies, with more than 35 labelled as priority drill targets.

Starting in January 2021, eleven (11) holes (JV-21-084 to JV-21-094) for a total of over 3,187 m were drilled in the Jovan area of the SPJ Project. Drilling was testing the polymetallic potential of the area. It targeted geophysical anomalies identified by the latest IP survey in the Ess Creek Structural Corridor and the Palkovits Structure. Hole JV-21-084 returned anomalous nickel with elevated palladium associated with sulphide mineralization. Drilling also identified many discrete shear and fault zones in the Ess Creek Deformation Zone that are mineralized with gold and silver, including an intersection of high-grade silver mineralization in a fault seam in JV-21-088.

Following drilling at Jovan, the drill moved to a target area 800 m south of the Scadding Deposit, where another large geophysical anomaly was identified through the 2020 IP survey. MacDonald Mines drilled three (3) holes in the Glade area. Two of these holes were centered on the Glade West Showing identified in the 1930s and 1940s and prospected by MacDonald Mines in 2019, where grab samples returned up to 18.53 g/t gold (see October 1, 2019, News Release). The reader is cautioned that grab samples are selective by nature and do not represent the actual grade of the targeted mineralization.

Holes AG-21-096 and AG-21-097 revealed a large alteration and mineralization system where shear-hosted quartz veins are surrounded by networks of gold mineralized, multidirectional and variably spaced quartz tension veins. The quartz veins in both AG-21-096 and AG-21-097 contained visible gold, and the presence of iron-chlorite alteration, similar to that of the Scadding Deposit, indicating the potential extension of that mineralized system.

Following this discovery, the Company immediately launched a mechanized stripping program at Glade to expose mineralization at surface. Eleven (11) trenches were excavated and 25 channels sampled. Results from the summer 2021 surface exploration program at Glade confirmed the association between gold mineralization and multidirectional networks of shear zones with quartz veins and quartz tension vein. The geological attributes of gold mineralization observed at surface are similar to those of gold mineralization in the discovery holes. Some of the mineralized shear zones and quartz tension veins are locally associated with iron-rich chlorite, a mineralogical association comparable to what is observed at the Scadding deposit 800 metres north. Most of the gold-bearing shear zones and quartz veins observed in the Glade system are located along the northern contact between a Nipissing diabase intrusion and the metasediments of the Bruce Conglomerate. With the intersection in hole AG-21-097 of 0.14 g/t gold over 31.50 metres in the Espanola limestone, the 2021 drilling program also identified a broad gold anomaly in the Espanola Limestone along the southern contact of the Nipissing diabase hosting mineralized veins and shear zones of the Glade system. Visual observations suggest that gold mineralization in the Espanola limestone is associated with pervasive sulfide disseminations and folding of beds in the limestone.

The most recent exploration highlights from the summer 2021 exploration program in the Glade-Alkin trend include.

- New channel sample results confirming gold mineralization at the Glade West showing
  - 5.12 g/t gold over 3.40 metres, including 17.10 g/t gold over 0.80 metre
- Discovery of quartz veins with visible gold 100 metres west of the Glade East showing and 125 metres east of the Glade West showing on trench AGT-21-011
  - Suggests that gold mineralization in the Alkin-Glade extends between the Glade East and Glade West showings over 225 metres
- Identification of a broad gold anomaly in the Espanola limestone at the southern margin of the Nipissing diabase (Glade diabase) hosting the Glade system
  - 0.14 g/t gold over 31.50 metres (core length).

The historical Alkin gold mine is located 2.3 km W-NW of the Glade showings. At the Alkin Mine, gold mineralization also occurs in a network of quartz veins hosted in the felsic phase of the Nipissing Diabase intrusion. Reconnaissance work by the Ontario Geological Survey reported gold assays up to 38.8 g/t gold in grab samples taken from the veins exposed at the Alkin Mine (OFR 5771). The reader is cautioned that grab samples are selective by nature and may not represent the actual grade of the targeted mineralization. In addition, the reader is cautioned that the qualified person has not validated the accuracy of the historical results. Five (5) historic trenches have been re-washed, mapped and sampled around the historical Alkin Mine. The results from that surface sampling program are pending.

MacDonald also conducted a regional mapping and prospecting program on the SPJ property during the end of the summer and the fall of 2021 to revisit historic showings where previous work identified significant gold and precious metal mineralization. Three areas were covered by the regional work, the Rathburn target, the McLeod showing and the Alwyn mine. For those three areas, MacDonald refreshed, mapped and sampled historic trenches, and also prospected around the known centers of mineralization. The results for the surface sampling and channel sampling in the Alwyn and McLeod areas are pending.

At the Jerome showing of the Rathburn target, MacDonald confirmed that palladium-rich mineralization exists in the Nipissing sill. The best channel of MacDonald from the Jerome showing contains 2.97 g/t Pd, 0.42 g/t Pt and 0.24 g/t Au over 4 m.

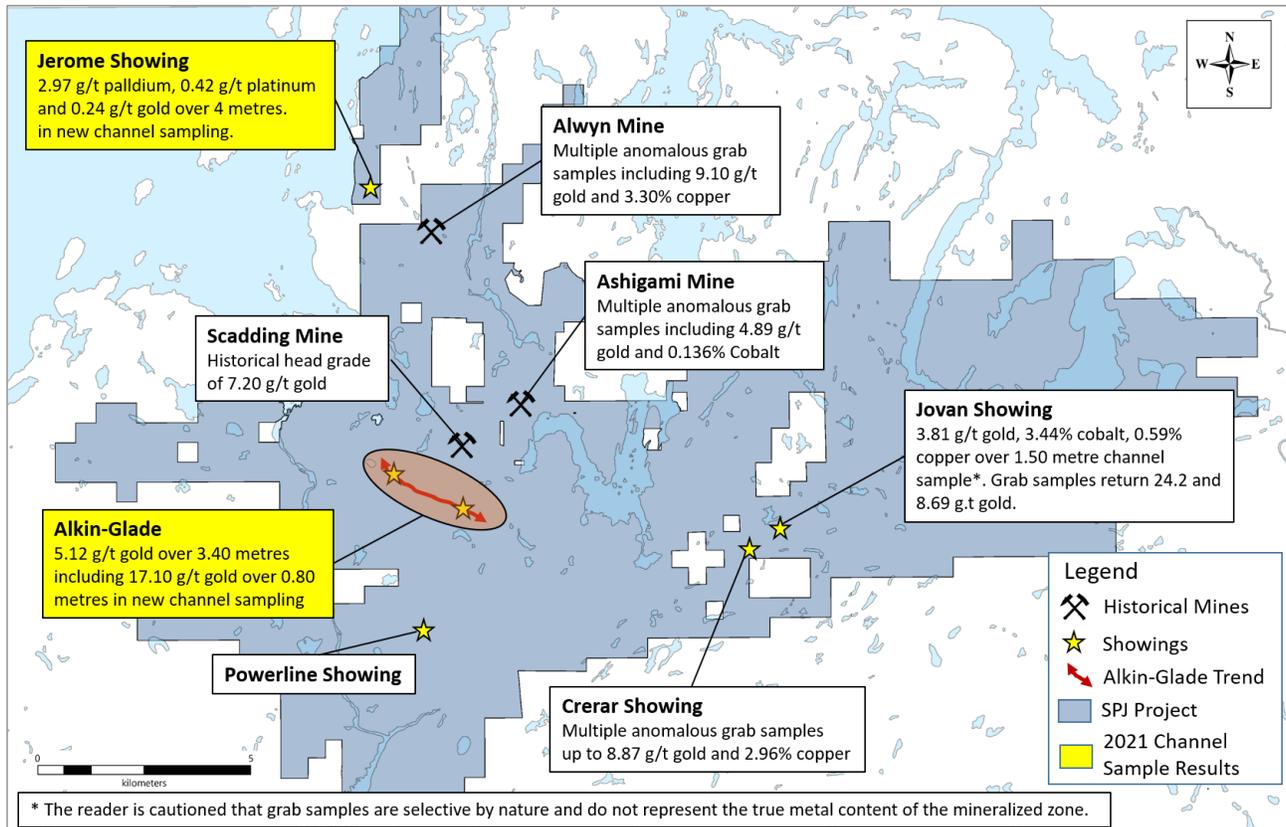


Figure 1 - SPJ Property

**Table 1. Channel sample results to date**

Channel Sample	From (m)	To (m)	Length* (m)	Gold (g/t)	Structure
AGT-21-002A	0	1.4	1.4	5.03	Glade area of the Glade-Alkin trend
AGT-21-002B	0	4	4	7.19	
	Including				
	0	1	1	12.4	
	3.1	4	0.9	9.36	
AGT-21-002C	2.4	3.6	1.2	2.78	
AGT-21-003A	0	3.7	3.7	0.85	
AGT-21-004A	0	1.6	1.6	4.51	
	Including				
	0	0.8	0.8	8.47	
AGT-21-004B	0	1.6	1.6	8.91	
	Including				
	0	0.8	0.8	17.5	
AGT-21-004C	0.7	2.1	1.4	3.61	
AGT-21-005A	No significant results				
AGT-21-005B	No significant results				
AGT-21-005C	0.7	4.1	3.4	5.12	
	Including				
	2.3	3.1	0.8	17.1	
AGT-21-005D	1.3	2.1	0.8	0.71	
AGT-21-005E	1.8	2.3	0.5	2.02	
AGT-21-006A	2	2.8	0.8	0.14	
AGT-21-006B	0	3.1	3.1	0.2	

\*Assay results are presented over the apparent length of the channel samples. Additional work is necessary to define the true width of the zone of mineralization.

**Table 2 - Results from channel sampling at the Jerome showing**

Channel sample	From (m)	To (m)	Length* (m)	Gold (g/t)	Palladium (g/t)	Platinum (g/t)	Zone
RAT-21-001A	No significant results						Jerome showing
RAT-21-001B	No significant results						
RAT-21-001C	0.00	4.00	4.00	0.24	2.97	0.42	
	Including						
	0.00	3.00	3.00	0.29	3.69	0.51	
RAT-21-001D	2.00	4.00	2.00	0.25	2.93	0.42	

\*Assay results are presented over the apparent length of the channel samples. Additional work is necessary to define the true width of the zone of mineralization.

## Significant Events

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### Capital

#### *Fiscal 2021*

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims (the "Claims") located on the Jovan property. Total consideration for the purchase of the mining claims was \$150,000, of which \$75,000 was paid in cash on the signing of the agreement and \$75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 1,071,429 common shares were issued on April 21, 2021 with a deemed value of \$0.07 each.

On September 17, 2021, the Company issued 250,000 shares pursuant to the Loney property acquisition with a fair value of \$12,500. See below.

On November 10, 2021, the Company closed the first tranche of a non-brokered private placement offering for gross proceeds of \$1,418,650.87. The Company issued a total of 18,947,797 FT Units at a price of \$0.045 each and 14,150,000 Units at a price of \$0.04 each (see further details under "Recent Corporate Developments" above).

On November 16, 2021, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of \$393,500. The Company issued 700,000 FT Units at a price of \$0.045 each and 9,050,000 Units at a price of \$0.04 each (see further details under "Recent Corporate Developments" above).

#### *Fiscal 2020*

On February 18, 2020, the Company granted 4,725,000 stock options to directors, officers, employees, and consultants at an exercise price of \$0.08. These five-year options vested immediately upon grant and had a fair value of \$324,679.

On April 21, 2020, the Company closed a non-brokered private placement offering of securities for total gross proceeds of \$994,781. The Company issued a total of 7,350,428 flow-through common shares at \$0.07 per share and 7,388,480 units at \$0.065 per unit. Each unit comprised one common share in the capital of the Company and one-half of one common share purchase warrant, with each warrant being exercisable to acquire one common share at \$0.10 per share for a period of 24 months following the closing date of the placement. In connection with the placement, the Company paid a cash commission of \$65,242 and issued 396,216 common shares of the Company to finders pursuant to applicable securities laws and TSXV policy. The fair value of the warrants issued under the financing was \$0.06 per warrant.

On August 5, 2020, the Company closed a non-brokered private placement offering of securities for total gross proceeds of \$4,245,850 consisting of: (i) 9,332,223 "charity flow-through" units at \$0.135 each (the "Charity FT Unit Offering") and (ii) 29,860,000 "flow-through" units at \$0.10 each (the "FT Unit Offering" and, together with the Charity FT Unit Offering, the "Offering"). Each unit was comprised of one common share and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share at \$0.20 for a period of 24 months from the closing of the Offering. If the closing price of the common shares is at a price equal to or greater than \$0.35 for a period of 10 consecutive trading days, MacDonald will have the right to accelerate the expiry date of the warrants by giving notice, via a news release, to the holders of the warrants that the warrants will expire on the date that is 30 days after the issuance of the said news release. In connection with the closing, the Company paid cash commissions of \$270,540 and issued 2,301,756 finder's warrants pursuant to applicable securities laws and TSXV policy. The finder's warrants have the same terms as the warrants. The fair value of the warrants issued under the Offering was \$0.03 per warrant.

On August 21, 2020, the Company granted 4,395,560 stock options to directors, employees, officers and consultants at an exercise price of \$0.13 per common share. These five-year options vested immediately upon grant and had a fair value of \$407,200.

On September 14, 2020, the Company issued 409,091 common shares pursuant to the Jovan and Powerline property acquisitions. The fair value of the shares issued was \$45,000. See below.

On September 30, 2020, the Company issued 300,000 common shares pursuant to the Loney property acquisition. The fair value of the shares issued was \$30,000. See below.

## **Exploration Activities and Property Acquisitions and Dispositions**

### **Scadding-Powerline-Jovan Property**

The SPJ property consists of the Scadding, Powerline, Jovan, Blueberry, Loney and Golden Copper properties located east of Sudbury in Northern Ontario.

On April 24, 2019, the Company signed definitive agreements with both Northern Sphere Mining Corp. ("Northern Sphere") and Currie Rose Resources Inc. ("Currie Rose") to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site (collectively, the "Scadding Mine"). The Scadding Mine is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. Northgate Exploration initially mined the site in the 1980s.

To acquire Northern Sphere's 51% interest in the Scadding Mine and 100% interest in the surrounding claims, the Company:

- issued 10,000,000 of the Company's common shares upon transfer of title (the shares were issued on September 10, 2019, with a fair value of \$900,000);
- made a \$100,000 cash payment (the \$100,000 was paid on the closing of the transaction); and
- incurred \$300,000 in eligible exploration expenditures in the 12 months following the acquisition of the Scadding Mine.

To acquire Currie Rose's 49% interest in the Scadding Mine, the Company:

- issued 8,000,000 of the Company's common shares (the shares were issued on September 4, 2019, with a fair value of \$640,000);
- made a \$50,000 cash payment on transfer of title (the \$50,000 was paid on the closing of the transaction); and
- incurred \$1.5M of eligible exploration expenditures on the leases partially comprising the Scadding Mine.

As part of the agreement, Currie Rose retains a 3% Net Smelter Return ("NSR") on the property. Upon reaching commercial production, the Company agrees to pay Currie Rose \$2,000,000 to reduce the NSR to 2.5%. An additional 1% of the NSR can be bought back for \$1,000,000. 514 Finance Inc. acted as an arms-length advisor to the Company for this transaction and received 2,000,000 common shares of the Company for its services.

On July 9, 2019, the Company announced the expansion of its SPJ Property. The Company staked 14 claims and purchased an additional 130 claims from Blueberry Development. To acquire a 100% interest in the claims owned by Blueberry Development, MacDonald paid the seller \$50,000 in cash and issued 3,000,000 common shares. The deal closed on August 15, 2019 and the fair value of the common shares issued was \$150,000. On August 6, 2020, the Company made a cash payment of \$66,000 and on September 14, 2020 the Company issued 409,091 common shares with a fair value of \$45,000 in accordance with the agreement.

On September 2, 2019, the Company agreed to acquire a 100% interest in 151 claims from Klondike Bay Resources (Loney Property). The claims are contiguous to MacDonald's property and cover future extensions of the gold-rich potential Iron-Oxide-Copper-Gold ("IOCG") system identified at the Scadding Mine. The consideration payable by the Company was as follows:

- \$20,000 and 200,000 common shares on the signing of the agreement;
- \$30,000 and 300,000 common shares on or before the first anniversary of the agreement; and
- \$30,000 and 250,000 common shares on or before the second anniversary of the agreement.

The Company made a cash payment of \$20,000 upon signing the definitive agreement. On November 8, 2019, the Company issued 200,000 common shares, the fair value of which was \$20,000. The 300,000 common shares due on the first anniversary of the agreement were issued on September 30, 2020, with a fair value of \$33,000, while the \$30,000 cash payment was made on November 3, 2020. The 250,000 common shares due on the second anniversary were issued on September 17, 2021 with a fair value of \$12,500, while the cash payment of \$30,000 was made on September 24, 2021.

On October 2, 2019, the Company purchased from Golden Copper Corp. a 100% interest in 38 mining claims located 35 kilometres from Sudbury, Ontario. The Company made a cash payment of \$5,000 upon signing of the definitive agreements. On November 8, 2019, the Company issued 1,875,000 common shares, the fair value of which was \$187,500.

The new claims add to MacDonald's large SPJ Property package and cover prospective extensions of the potential IOCG system identified at the Scadding Mine. The Scadding Mine produced 29,000 oz of gold from 127,000 tonnes of mineralized material grading 7.2 g/t (OFR 5771) and the large land package surrounding the mine has also yielded multiple discovery areas to explore, including significant showings of copper, cobalt, nickel and silver in addition to high-grade gold.

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims (the "Claims") located on the Jovan property. This acquisition added 36 hectares to the Company's land position. Total consideration for the purchase of the mining claims was \$150,000, of which \$75,000 was paid in cash on the signing of the agreement and \$75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 1,071,429 common shares were issued on April 21, 2021 with a deemed value of \$0.07 each.

#### Holdsworth Property

On August 24, 2020, MacDonald sold all of its interest in the Holdsworth Property back to Noble Mineral Exploration Inc. ("Noble"). As consideration for the property, Noble issued to MacDonald 4,000,000 common shares of Noble, as well as 2,000,000 warrants which expire three years after issuance and are exercisable at \$0.15 per common share of Noble. The fair value of the total consideration received was \$481,419.

#### McFaulds Lake and Area Properties

In 2020, the Company sold its 25% interest in the McFaulds Lake and area properties to Juno Corp. ("Juno"), a private company. As consideration for the properties, the Company received \$55,000 cash and 500,000 common shares in the capital of Juno. The fair value of the common shares received was \$0.20 per share, determined using Juno's share price for its' most recent financing prior to the transaction, for a total fair value received of \$155,000.

On January 22, 2021, the Company sold its shares in Juno to various third parties for a total of \$185,000, representing a price of \$0.37 per common share.

#### Charlevoix-Silica Property

On February 16, 2021, the Company entered into an agreement with Quebec Silica Resources Corp. ("Quebec Silica") to sell all of its interest in the Charlevoix-Silica Property. As consideration for the property, Quebec Silica issued to the Company 1,000,000 of its common shares. The fair value of the common shares received was \$0.05 per share, determined using Quebec Silica's share price for its most recent financing prior to the transaction, for a total fair value received of \$50,000.

The Company has ownership interests in the one exploration project, namely, the SPJ project. The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on the SPJ Project:

	\$
<b>Balance, December 31, 2019</b>	<b>3,953,569</b>
Exploration expenditures & property acquisition costs	3,433,012
<b>Balance, December 31, 2020</b>	<b>7,386,581</b>
Exploration expenditures & property acquisition costs	1,913,091
<b>Balance, September 30, 2021</b>	<b>9,299,672</b>

## Results of Operations

### *Third Quarter ended September 30, 2021 (Q3 2021)*

The Company realized a net loss in the third quarter of 2021 of \$411,972 (Q3 2020 – net loss \$1,313,031) mainly due to exploration activities during the three months ended September 30, 2021.

The Company incurred \$269,774 in exploration and property acquisition expenditures in Q3 2021 (Q3 2020 – \$1,230,545) comprising exploration activity expenditures on the SPJ property of \$257,274 and property acquisitions costs of \$12,500. The Company's spending on exploration activities tends to fluctuate based on the availability of flow-through financing during the year.

Salaries, professional and consulting fees for the third quarter of 2021 were \$113,944 (Q3 2020 – recovery of \$49,513). The increase is due to the timing of certain legal, audit and consulting costs, as well as certain employee salaries being reallocated to exploration expenditures from prior quarters in the comparable period.

Shareholder communication expenses in the current quarter increased to \$70,793 (Q3 2020 – \$65,889) which included filing and listing, transfer agent and investor relation fees. The increase is due to timing of certain investor relation related activities compared to the prior year comparable period.

### *Nine Months ended September 30, 2021 (YTD 2021)*

The Company incurred a net loss during the nine months ended September 30, 2021 of \$2,347,860 (YTD 2020 – net loss of \$2,186,672). There was no recovery against the flow through provision this year (YTD 2020 – recovery of \$716,875), which increase was partly offset by a decrease in exploration and property acquisition expenses.

The Company incurred \$1,913,091 in exploration and property acquisition expenditures in YTD 2021 (YTD 2020 - \$ 2,132,551) on a decrease in exploration activity on the SPJ property.

Salaries, professional and consulting fees during YTD 2021 increased to \$273,199 (YTD 2020 - \$178,787) due to an increase in legal and consulting fees.

Shareholder communication expenses in the current nine month period totaled \$217,010 (YTD 2020 – \$255,465) which included filing and listing, transfer agent and investor relation fees. The decrease is due to fewer shareholder and investor relation related activities compared to the prior year.

During the nine months ended September 30, 2021, no deferred flow-through premium was recognized (YTD 2020 – \$42,822).

During the nine months ended September 30, 2021, there was a no recovery against the previously accrued flow through provision (YTD 2020 – \$716,875).

**Summary of Quarterly Information**  
(Expressed in Canadian dollars)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Statement of Loss and Comprehensive Loss</b>				
Exploration and property acquisition expenditures	\$ 269,774	\$ 434,492	\$ 1,208,825	\$ 1,300,460
Share-based payments	-	-	-	-
Net loss	(411,972)	(599,966)	(1,335,922)	(1,172,674)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
<b>Statement of Financial Position</b>				
Cash & cash equivalents	\$ 226,555	\$ 292,590	\$ 705,061	\$ 1,883,960
Total assets	543,730	784,768	1,420,286	2,935,731
Total liabilities	551,825	419,393	529,947	709,466
Shareholders' equity (deficiency)	\$ (8,095)	\$ 365,375	\$ 890,339	\$ 2,226,265
	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<b>Statement of Loss and Comprehensive Loss</b>				
Exploration and property acquisition expenditures	\$ 1,230,545	\$ 265,635	\$ 636,371	\$ 1,629,510
Share-based payments	407,200	-	324,679	247,489
Net loss	(1,313,031)	(480,019)	(393,622)	(2,040,945)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.02)
<b>Statement of Financial Position</b>				
Cash & cash equivalents	\$ 3,676,686	\$ 762,348	\$ 536,717	\$ 847,448
Total assets	4,329,656	957,101	688,621	1,335,729
Total liabilities	1,011,073	761,370	924,729	1,499,288
Shareholders' equity (deficiency)	\$ 3,318,585	\$ 195,730	\$ (236,109)	\$ (163,559)

**Mineral Properties**

**SPJ Property**

On April 24, 2019, the Company signed definitive agreements with both Northern Sphere Mining Corp. ("Northern Sphere") and Currie Rose Resources Inc. ("Currie Rose") to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site, located east of Sudbury in Northern Ontario. The Scadding Mine is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. Northgate Exploration initially mined the site in the mid-1980s. As part of the agreement, Currie Rose retains a 3% NSR on the property. Upon reaching commercial production, the Company has agreed to pay Currie Rose \$2,000,000 to reduce the NSR to 2.5%. An additional 1% of the NSR can be bought back for \$1,000,000.

On July 9, 2019, the Company signed an agreement with Blueberry Cobalt Project Corp. to purchase a 100% interest in certain claims located in Greater Sudbury, Ontario.

On September 2, 2019, the Company signed an agreement with Klondike Bay Resources to acquire a 100% interest in 151 claims in the Wanapitei Lake area, 33 kilometres northeast of Sudbury, Ontario. The claims are contiguous to MacDonald's property and cover prospective extensions of the gold-rich system identified at the Scadding Mine.

On October 2, 2019, the Company signed an agreement with Golden Copper Corp. to purchase a 100% interest in 38 mining claims located 35 kilometres from downtown Sudbury, Ontario. The new claims add to MacDonald's large SPJ Property package and cover prospective extensions of the system identified at the Scadding Mine.

On July 18, 2018, the Company announced that it had acquired an option to earn a 100% interest in the Jovan and Powerline properties. The purchase price was structured to be payable over three years and included cash payments totalling \$225,000, the issuance of commons shares valued at \$180,000 and the commitment to spend up to \$800,000 in exploration activities. See details of cash and share payments in respect of these property acquisitions above and also in Note 10(a) to the Company's condensed interim unaudited financial statements for the three and nine months ended September 30, 2021.

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims (the "Claims") located on the Jovan property. This acquisition added 36 hectares to the Company's land position. Total consideration for the purchase of the mining claims was \$150,000, of which \$75,000 was paid in cash on the signing of the agreement and \$75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 1,071,429 common shares were issued on April 21, 2021 with a deemed value of \$0.07 cents each.

Please see pages 4 and 5, "Exploration Activities and Property Acquisitions and Dispositions", for detailed terms of the purchase consideration for the properties comprising the SPJ Property.

### **Charlevoix - Silica Property**

On November 18, 2016, the Company entered into a purchase agreement with 9019-5504 Quebec Inc. to acquire a 100% interest in certain mining claims located in the Province of Quebec known as the Charlevoix Silica Property. For the mining claims' purchase, the Company issued 9,000,000 common shares on January 12, 2017, valued at \$0.07 each for a total fair value of \$630,000.

As noted above, the Company entered into an agreement with Quebec Silica to sell all of its interest in the Charlevoix-Silica Property. As consideration for the property, Quebec Silica issued to the Company 1,000,000 of its common shares. The fair value of the common shares received was \$0.05 per share, determined using Quebec Silica's share price for its most recent financing prior to the transaction, for a total fair value received of \$50,000.

### **Holdsworth Property**

On December 7, 2016 ("the "Effective Date"), the Company entered into an Option and Joint Venture ("JV") agreement ("the Option Agreement") with Noble Mineral Exploration Inc. ("Noble") to advance exploration on Noble's Wawa-Holdsworth Gold and Silver Project (the "Holdsworth Project") located 25 kilometres northeast of Wawa, Ontario. Subject to the terms and conditions of the Option Agreement, the Company had the right to earn up to an undivided 75% interest in the Project, comprising the first option to earn a 51% base interest (the "Base Interest") and a second option to earn an additional 24% interest. The property covers 18 contiguous patented mining claims covering approximately 285 hectares.

To earn an initial 51% undivided interest in the Holdsworth Project, the Company issued 2,500,000 of its common shares and 2,500,000 share purchase warrants to Noble and was to incur a minimum of \$1,200,000 in expenditures in the 18 months following the Effective Date. The share purchase warrants have an exercise price of \$0.15 and expire three years from the date of issue. The Company issued the common shares and share purchase warrants on January 12, 2017. To earn the additional 24% undivided interest, the Company was to incur a further \$1,000,000 of expenditures on or before the second anniversary of the date the 51% Base Interest is exercised and earned and make a payment of \$100,000 to Noble.

On May 3, 2017, the Option Agreement was replaced with a purchase agreement whereby the Company agreed to acquire the Holdsworth Project from Noble (the "Purchase Agreement"). The purchase price comprised: (i) 5,500,000 units of the Company; (ii) the granting of a 1.5% net smelter return royalty in favour of Noble; and (iii) the payment of the equivalent of 5,000 ounces of gold once a mineral reserve or resource had been identified compliant with National Instrument 43-101 guidelines. Each unit shall comprise one common share and one share purchase warrant of the Company, with each share purchase warrant having an exercise price of \$0.30 and a 3-year term from the date of issue. The Purchase Agreement supersedes the Option Agreement. Payment of the 5,500,000 units was to be issued in tranches to ensure Noble's shareholdings in the Company did not exceed 9.9%.

On October 25, 2018, the Company announced that it had elected to cease any further work at its Wawa-Holdsworth Project and focus its efforts on the Jovan and Powerline properties. The remaining shares and warrants will no longer be issued under the Purchase Agreement. In total, the Company issued 5,225,000 units to Noble under the Purchase Agreement.

As noted above, on August 24, 2020, the Company entered into an agreement with Noble to sell all of its interest in the Holdsworth Project back to Noble. As consideration for the property, the Company received 4,000,000 common shares of Noble, as well as 2,000,000 warrants which expire three years after issuance and are exercisable at \$0.15 per common share.

### **McFaulds Lake and Area Properties**

As noted above, during 2020, the Company sold its remaining interest in the McFaulds Lake and area properties to Juno. As consideration for the properties, the Company received \$55,000 in cash and 500,000 common shares in the capital of Juno. As noted above, on January 22, 2021 the Company sold its shares in Juno to various third parties for a total sum of \$185,000.

### **Liquidity and Capital Management**

Cash flow (used in)/provided by operating, investing and financing activities for the nine months ended September 30, 2021 and 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Net cash used in operating activities	\$ (2,332,410)	\$ (1,987,305)
Net cash provided by investing activities	654,426	-
Net cash (used in) provided by financing activities	20,579	4,816,543
	<b>\$ (1,657,405)</b>	<b>\$ 2,829,238</b>

As of September 30, 2021, the Company had cash and cash equivalents of \$226,555 (September 30, 2020 – \$3,676,686) and a working capital deficit of \$62,721 (September 30, 2020 – working capital \$3,315,889), respectively.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2021.

In managing liquidity, the Company's primary objective is to ensure that it can continue as a going concern while raising additional funding to meet its obligations as they fall due. The Company's operations to date have been funded by issuing equity.

The Company's investment policy is to invest excess cash in very low-risk financial instruments such as term deposits or holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage. As such, the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in adverse economic or stock market conditions through cost control measures that minimize discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages its capital structure (consisting of shareholders' equity or deficit) on an ongoing basis and makes adjustments in response to changes in economic or stock market conditions and its underlying assets' risk characteristics. Adjustments to the Company's capital structure may involve the issuance of new shares, debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending obligations.

### **Related Party Transactions**

The Board of Directors and the executive management team have authority and responsibility for planning, directing and controlling the Company's activities. The executive management team comprises the Company's: (i) President and Chief Executive Officer; and (ii) Chief Financial Officer. Compensation for key management personnel of the Company for the nine months ended September 30, 2021 and 2020 was as follows:

	2021	2020
	\$	\$
Short-term benefits	202,500	176,169
Share-based payments	-	495,603
	<b>202,500</b>	<b>671,772</b>

At September 30, 2021, included in accounts payable and accrued liabilities is an amount of \$67,500 (December 31, 2020 - \$61,341) relating to amounts owing to officers of the Company.

### **Outstanding Share Data**

MacDonald Mines is authorized to issue an unlimited number of common shares.

As of November 22, 2021, the date of this MD&A, the number of common shares outstanding or issuable under other outstanding securities of the Company was as follows:

<b>Common Shares</b>	<b>Number</b>
Outstanding	257,463,516
Issuable upon the exercise of share purchase warrants <sup>(1)</sup>	66,763,729
Issuable upon the exercise of stock options <sup>(2)</sup>	13,475,000
Fully diluted common shares	337,702,245

(1) 66,763,729 common share purchase warrants were outstanding with exercise prices ranging from \$0.07 to \$0.20 per common share.

(2) There were 13,475,000 stock options under the Company's Stock Option Plan outstanding to directors, officers and consultants with exercise prices ranging from \$0.08 to \$0.18 per common share.

### **Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting periods. Judgements, estimates and assumptions are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience. However, actual outcomes may differ from the amounts included in the financial statements.

The Company's significant accounting policies and estimates are disclosed in Note 3 to the Company's condensed interim unaudited financial statements for the three and nine months ended September 30, 2021.

### **New Accounting Standard Adopted by the Company**

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2020. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the financial statements.

Certain pronouncements have been issued by the IASB that are applicable for accounting periods after December 31, 2020. There are currently no pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements, including any arrangements that would affect liquidity, capital resources, market risk support, credit risk support, or other benefits.

### **Dividends**

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

### **Internal Controls Over Financial Reporting**

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance concerning the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the internal controls would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters, and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

### **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis for management to make reasonable public disclosure decisions.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Regulators), were effective as of December 31, 2020. They provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

### **Novel Coronavirus ("COVID-19")**

The global outbreak of the COVID-19 coronavirus continues to evolve. The extent to which the COVID-19 coronavirus may impact the Company's business and development will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, travel restrictions and

social distancing in Canada, the United States and other countries, business closures or business disruption, and the effectiveness of actions taken by governments around the globe to contain and treat the disease. It may also have an impact on capital markets and the ability of the Company to complete an equity raise.

The Company has put in place strict health protocols to safeguard the health and well-being of its staff and the public. Exploration work is ongoing onsite with staff continuing to follow Health Canada guidelines. Additionally, office staff continue to work from home. The Company does not expect COVID-19 to have an impact in the mid- to long-term future. Operations continue on site with staff following strict safety protocols.

## **Other Information**

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Additional information relating to the Company is available on its website at [www.macdonaldmines.com](http://www.macdonaldmines.com) and under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Cautionary Statement of Forward-Looking Information**

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Forward-looking information is broadly defined as disclosures regarding possible events, conditions, or financial performance based on assumptions about future economic conditions and courses of action. It includes future-oriented financial information concerning future financial performance, financial position, or cash flows presented either as a forecast or a projection.

This MD&A contains forward-looking information and forward-looking statements, including statements relating to going concern and capital raising and capital requirements, subject to several known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that could cause such differences include changes in commodity prices, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mine development, changes in governments, changes to government mining regulations, and numerous other risk factors.

Readers are cautioned not to place undue reliance on forward-looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, actual events may differ materially from stated expectations. Although the Company believes its expectations are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this MD&A are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.